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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/806,835

03/23/2004

T. Jeffrey Barany

040230

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11/29/2007

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EXAMINER

RANKINS, WILLIAM E

ART UNIT

PAPER NUMBER

4172

MAIL DATE

DELIVERY MODE

11/29/2007

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/806,835	Applicant(s) BARANY ET AL.	
	Examiner William E. Rankins	Art Unit 4172	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 23 March 2004.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-33 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-33 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>09/27/2004</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

A review of the claims and updated search necessitated the rejections below.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

1. Claims 11-20 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. A security, being a contract or a deal does not fall into any of the statutory classes of invention.
2. Claims 21-29 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. A transaction structure, being a contract or a deal does not fall into any of the statutory classes of invention.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the

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invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

1. Claims 1, 2, 3, 8, 9, 11-13, 18, 20-23, 28 and 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (5,742,775) as applied to claims 1 above, and further in view of Lange (6,321,212).

As per claim 1;

King discloses:

A method of issuing inflation-linked securities, comprising:

purchasing, by an entity, fixed income securities issued by an issuer;
establishing, between the entity and a swap counterparty, an inflation swap agreement, wherein the inflation swap agreement obligates the entity to make periodic fixed payments to the swap counterparty in exchange for periodic floating payments from the swap counterparty (Col. 5, lines 59-67 through Col. 6 lines 1-11).

King Does not disclose:

Issuing, by the entity, inflation-linked securities to investors dependent upon an inflation index.

However, Lange discloses:

The demand by some investors has resulted in the issuance of inflation-linked bonds (Col. 5, lines 29-33).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King and Lange. One of ordinary skill in the art would be motivated to do so in order to hedge against inflation risk.

As per claim 2;

King does not disclose:

The method of claim 1, wherein the inflation-linked securities comprise a principal amount and an interest rate, and wherein at least one of the principal amount and the interest rate are related to the inflation index.

However, Lange discloses:

Inflation-linked bonds that have coupons and principal amounts linked to Consumer Price Index levels (Col. 5, lines 29-33).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King and Lange. One of ordinary skill in the art would be motivated to do so in order to hedge against inflation.

As per claim 3:

King does not disclose:

The method of claim 1, wherein the entity is a trust.

However, Lange discloses:

A financial intermediary or issuer for the issuance of securities (Col. 55, lines 20-23).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King and Lange. One of ordinary skill in the art would be motivated to do so in order to improve asset management.

As per claim 8;

King does not disclose:

The method of claim 1, wherein the issuer is a private company.

However, Lange discloses:

A corporation as issuer of a security (Col. 8, line 65 through Col. 9, line 2).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King and Lange. One of ordinary skill in the art would be motivated to do so in order to raise capital for investment.

As per claim 9;

King does not disclose:

The method of claim 1, wherein an interest rate on the inflation-linked securities issued by the entity corresponds to the rate on the floating payments paid by the swap counterparty to the entity pursuant to the inflation swap agreement.

However, Lange discloses:

The counterparty of the swap receives the fixed rate and pays a floating rate (Col. 102, lines 62-65).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods King and Lange. One of ordinary skill in the art would be motivated to do so in order to conventionally structure the terms of the

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swap.

Claims 11, 21 and 30 are rejected under the same rationale used to reject claims 1 and 2.

As per claim 12;

King does not disclose:

The security of claim 11, wherein the inflation index is the Consumer Price Index.

However, Lange discloses:

The inflation index is the Consumer Price Index (Col. 5, lines 29-33).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King and Lange. One of ordinary skill in the art would be motivated to do so in order to hedge against inflation.

Claims 13 and 23 are rejected under the same rationale used to reject claim 3.

Claims 18 and 28 are rejected under the same rationale used to reject claim 9.

As per claim 20;

King does not disclose:

The security of claim 11, wherein the security includes one of a debt security, a bond, a note and a trust-preferred share.

However, Lange discloses:

The fixed income portfolio includes at least one of a bond, note or debt security (paragraph 0023).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King and Lange. One of ordinary skill in the art would be motivated to do so in order to provide asset liability matching among assets and projected liabilities and spending rule benefits.

Claim 22 is rejected under the same rationale used to reject claim 12.

2. Claims 4, 14 and 24 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (5,742,775) as applied to claims 1 above, in view of Lange (6,321,212) and further in view of Bowen et al. (2005/0119962).

As per claim 4;

King does not disclose:

The method of claim 1, wherein the entity is a special purpose vehicle.

However, Bowen et al. discloses:

Establishing a special purpose entity to hold an index linked swap contract (paragraph 0020).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King, Lange and Bowen et al. One of

ordinary skill in the art would be motivated to do so in order to provide protection against the risk of a credit event of one of the parties to the agreement.

Claims 14 and 24 are rejected under the same rationale used to reject claim 4.

3. Claims 5, 15, 25 and 31 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (5,742,775) as applied to claims 1 above, in view of Lange (6,321,212) and further in view of Official Notice.

As per claim 5;

King does not disclose:

The method of claim 1, wherein the fixed income securities purchased by the entity were previously issued by the issuer as part of a single, previous offering by the issuer.

However, the examiner takes Official Notice that securities offered by private entities are often a single issue as these offerings may be for a special purpose such as raising capital for investment.

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King and Lange with a one-time offer of securities. One of ordinary skill in the art would be motivated to do so in order to raise capital for special purposes.

Claims 15, 25 and 31 are rejected under the same rationale used to reject claim 5.

4. Claims 6, 16, 26 and 32 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (5,742,775) as applied to claims 1 above, in view of Lange (6,321,212) and further in view of Heppenstall (7,165,048).

As per claim 6;

King does not disclose:

The method of claim 1, wherein the fixed income securities purchased by the entity are directly purchased from the issuer by the entity.

However, Heppenstall discloses:

A method of purchasing fixed income securities (Abstract).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King, Lange and Heppenstall. One of ordinary skill in the art would be motivated to do so in order to offer fixed income securities to smaller investors.

Claims 16, 26 and 32 are rejected under the same rationale used to reject claim 6.

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5. Claims 7, 17, 27 and 33 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (5,742,775) as applied to claims 1 above, in view of Lange (6,321,212), in view of Williams (2003/0083972), and further in view of Flory et al. (2005/0137956).

As per claim 7;

King does not disclose:

The method of claim 1, wherein the end of the term of the inflation swap agreement corresponds to the maturity date of the fixed income securities.

However, Williams discloses:

An issuer of pension shares managing fixed income securities sold as forward contracts with maturities based on the maturities of the fixed income securities (paragraphs 0176 and 0177) and a pension share with an index target such as an inflation index (paragraph 0035).

Also, Flory et al. discloses:

Swaps being included in forward contracts by definition (paragraph 0065).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King, Lange, Williams and Flory et al. One of ordinary skill in the art would be motivated to do so in order to combine the best features of defined benefit plans to provide secure returns, portability and access in an investment product.

Claims 17, 27 and 33 are rejected under the same rationale used to reject claim 7.

6. Claims 10, 19 and 29 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (5,742,775) as applied to claims 1 above, in view of Lange (6,321,212) and further in view of Chen (2003/0023525).

As per claim 10;

King does not disclose:

The method of claim 1, wherein an interest rate on the periodic fixed payments paid to the swap counterparty by the entity pursuant to the inflation swap agreement corresponds to the coupon rate on the fixed-income securities purchased by the entity.

However, Chen discloses:

Coupons defined as the interest rate on fixed-income securities and further representing interest payments on the bond's principal (paragraph 0005).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods of King, Lange and Chen. One of ordinary skill in the art would be motivated to do so in order to conventionally structure the offering.

Claims 19, and 29 are rejected under the same rationale used to reject claim 10.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to William E. Rankins whose telephone number is 571-270-3465. The examiner can normally be reached on M-F 7:30 AM - 5:00 PM, off alt Fridays beg 6/15/07.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Thomas Dixon can be reached on 571-272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Naeem Haq/
Primary Examiner, Art Unit 4172

/William E Rankins/
Examiner, Art Unit 4172
